

BULLETIN: **THE HGV DRIVER SHORTAGE** **CRISIS - Q4 2021 Analysis**

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 **DRIVER
REQUIRE**



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BULLETIN: THE HGV DRIVER SHORTAGE CRISIS

EXECUTIVE SUMMARY




Last year the Driver Require Think Tank published its influential report, *“The Answer to the UK’s HGV Driver Shortage”*, which presented a factual analysis of the factors causing the UK HGV driver shortage crisis and how to address it.

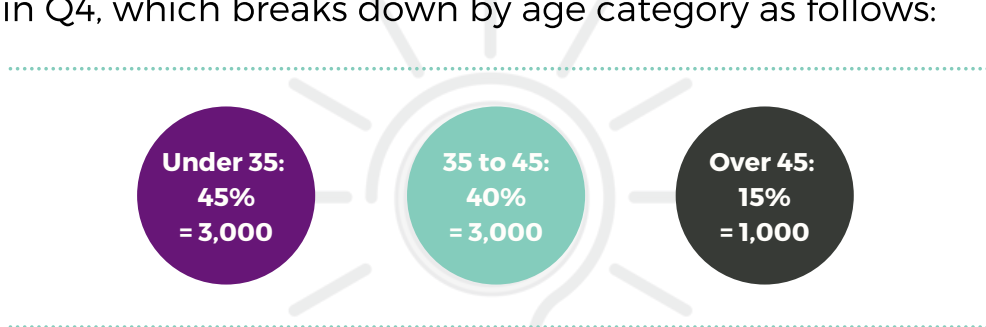
Since then, more statistics have been issued by the Office for National Statistics (“ONS”), specifically the results of the Quarterly Labour Force Survey (“QLFS”) for the periods July to September (“Q3”), examined in a separate Bulletin, and most recently for the period October to December (“Q4”), which will be analysed in this document.

In our last Bulletin we concluded that the industry had reached a turning point where the driver shortage crisis was ‘severe’ rather than at ‘crisis’ levels; this was echoed by the Logistics UK Skills and Employment Report 2021. The latest Q4 statistics confirm that the HGV driver pool remains unchanged so by inference the driver shortage remains at ‘severe’ status. This would appear to be good news, but we must not be complacent or make too broad assumptions.

The analysis conducted in this report reveals that under the surface, there are some very worrying dynamics, specifically relating to retention of the younger HGV driver age groups. We conclude that, since March 2020 and the start of the pandemic, there has been 67% churn in the under-30 age group and this trend has worsened throughout 2021. This churn made up nearly 40% of the net churn of the whole workforce, which is extremely concerning, given that we are relying on this younger contingent to replenish the aging workforce. It is therefore extremely important we improve retention of our younger HGV drivers as a matter of urgency.

Below we have laid out the key observations and conclusions from our analysis of the Q4 statistics:

- In Q4 2021 there was no significant increase in the number of HGV Delivery Drivers. This contrasts with the previous quarter, Q3, when the HGV Deliver Driver pool increased by 28,000.
- However, an analysis of the Q4 dynamics by age range reveals some interesting points:
 - Under 30:  Reduced by 28%, down 5,000 from 18,000 to 13,000
 - 30-45:  Increased by 22%, up 15,000 from 69,000 to 84,000
 - Over 45:  Reduced by 5%, down 8,000 from 174,000 to 166,000, (of which we estimate 5,000 “retired” from the over-65 age group)
- We estimate that 7,000 new HGV passes entered the HGV Delivery Driving group in Q4, which breaks down by age category as follows:



We can therefore conclude that, in Q4:

- At least 8,000 drivers left the under-30 age segment in Q4 2021. This represents over 40% of the age group, which is an incredibly high churn rate.
- Meanwhile around 3,000 new passes were joined by 12,000 returning lapsed HGV licence holders to bolster the 30-45 age group.
- In the over 45 age group, a total of 9,000 left in Q4, which is around 4 times the expected natural retirement rate of 2,500/quarter. In other words, at least 6,500 were due to churn



The loss of the under-30s is the most worrying trend as it is this group that we need to attract, retain and develop for the future success of the haulage sector.

Looking at the under-30 age group over the entire pandemic period we see an even more worrying picture emerge. Since the beginning of the pandemic:

- The number of under-30s has dropped by 18,000 from 30,500 to 12,500
- In the same period, we estimate 24,000 new HGV passes joined the Delivery Driving sector, of whom nearly 45% were under 30, i.e. 10,000 new HGV passes under 30, while 7,500 moved into the over 30 age group
- This means that around 20,500 drivers under the age of 30 left HGV Delivery Driving as a career since the pandemic began, out of a total pool of 30,500 drivers
- We estimate that churn from the entire age range was at least 55,000, so the under-30 element represented nearly 40 % of net churn!!

On the plus side the 30-45 age group grew by 15,000 during the pandemic, but this included 10,000 new HGV passes, so we can conclude that at least 5,000 lapsed HGV licence holders returned to this age group.

While the driver shortage is currently no longer critical, we clearly have an ongoing challenge to retain the younger drivers, and this is evidently not improving. We call on the haulage community, its representative bodies and the government departments to unite to address this challenge as a matter of urgency.

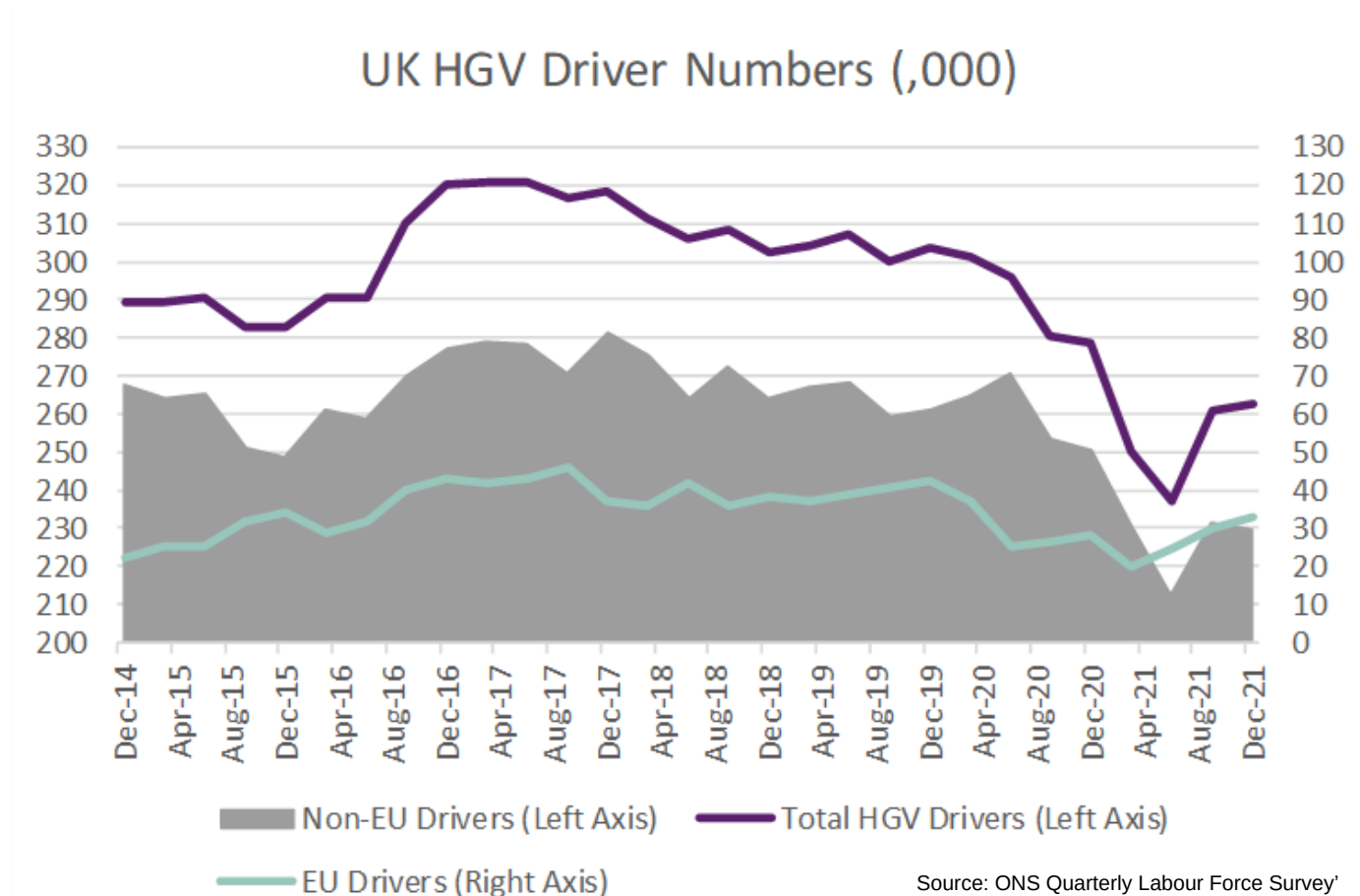
Meanwhile, demand for haulage services in Q4 remained flat, rather than rising to a pre-Christmas peak as it did before the pandemic. This resulted in an easing of the driver shortage in Q4, which has continued into Q1 2022 when demand for freight services has dropped further.



We urge the sector and government not to be lulled into complacency by this apparent abatement of the driver shortage. Given the extremely high churn rates, we only need haulage volumes to rise by a small increment to reignite the shortage crisis. We anticipate this is likely to happen as we move into summer with increasing demand coupled with drivers taking holiday. If by this time the churn has not been addressed, we will be back in the same position we were in last summer.

HGV DRIVER SHORTAGE: Q4 2021 SUMMARY

The latest ONS Quarterly Labour Force Survey results were released on 15th February for the 4th quarter, October to December 2021, and they reveal that the number of people declaring their occupation to be HGV Delivery Driver only increased slightly over the 3-month period. This is in contrast to the rapid increase of around 28,000 drivers who returned in Q3.



It is worth noting that the EU contingent increased by about 3,000, which is meaningful in that it demonstrates that there were still EU workers returning to the sector, but we can't interpret much more from this because the quantum is within the statistical margin of error. It is not surprising that the number of EU workers entering the sector has tailed off, because we have blocked the immigration of new workers from the EU and the only source will be settled or pre-settled EU nationals who are returning from other jobs such as warehouse or van work, or switching professions and training to become a lorry driver.

Overall, the number of UK (non-EU) HGV drivers decreased during Q4 2021, though within the statistical margin of error we can only really conclude that it remained stable. This is nevertheless significant because there would have been new HGV passes and returning lapsed licence holders entering the sector and therefore an equivalent number must have left to offset this.

We can conclude that, as at the end of 2021, the number of people declaring their occupation to be an HGV delivery driver remained approximately 39,000 below the pre-pandemic level of 301,000, i.e. a 13% reduction in the size of the pool. This means that, assuming demand levels remain constant, the driver shortage has not improved over Q4 2021.

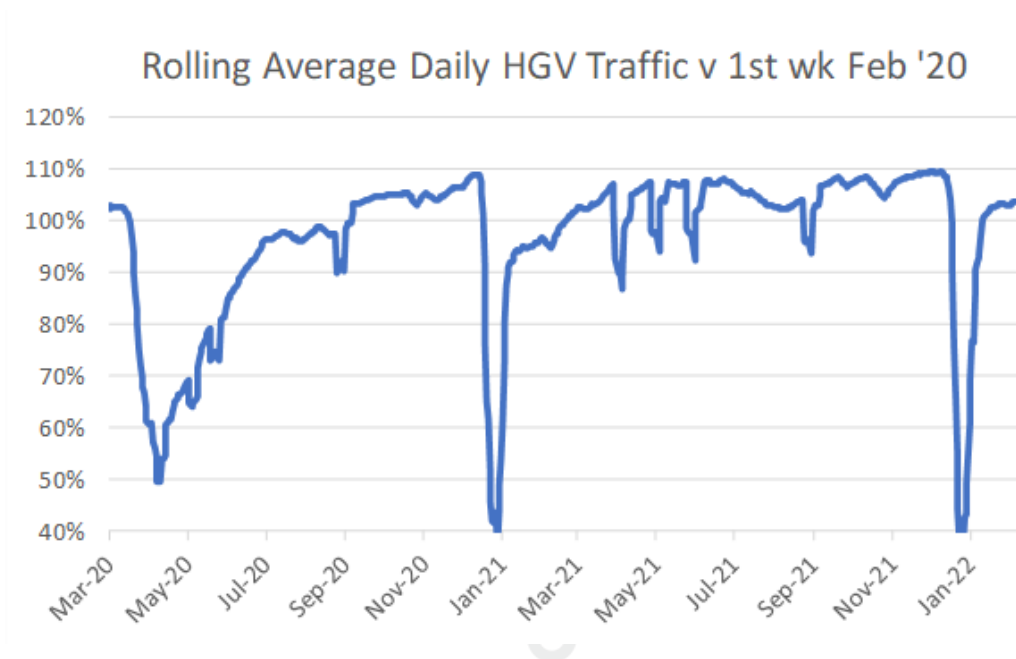
The detailed ONS Quarterly Labour Force (QLFS) results are shown in the table below. Remember that the QLFS survey results are an approximation because they are extrapolated from a limited sample set to the size of the national labour force. This means that the absolute figures should be treated with caution, but that relative changes and trends are likely to be meaningful.

Age Group	Q1 2020 pre-COVID	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Diff vs Q3 2021	Diff vs pre-COVID	Diff vs Q4 2020
16 – 24	7,504	4,439	5,969	*	2,874	*	- 2,874	- 7,504	- 4,439
25 – 29	23,021	19,739	16,429	13,822	15,387	12,801	- 2,586	- 10,220	- 6,938
30 – 34	23,791	22,734	31,167	24,116	24,792	30,844	+ 6,052	+ 7,053	+ 8,110
35 – 39	24,730	21,477	23,360	24,149	24,161	25,334	+ 1,173	+ 604	+ 3,857
40 – 44	21,041	22,912	27,897	23,895	20,094	28,231	+ 8,137	+ 7,190	+5,319
45 – 49	46,545	44,495	31,215	24,054	33,098	33,493	+ 395	- 13,052	- 11,002
50 – 54	54,329	46,651	30,607	39,872	44,660	41,029	- 3,631	- 13,300	- 5,622
55 – 59	52,045	57,356	42,875	42,506	48,479	46,554	- 1,925	- 5,491	- 10,802
60 – 64	35,940	26,258	26,941	24,675	27,658	29,349	+ 1,691	- 6,591	+ 3,091
65 +	12,551	11,881	13,564	15,858	19,925	15,163	- 4,762	+ 2,612	+ 3,282
TOTAL	301,497	277,942	250,024	232,947	261,128	262,798	+ 9,902	- 38,699	+ 5,909
EU Nationals	37,000	28,354	19,604	24,350	29,704	33,044	+ 3,340	- 3,956	+ 4,690
Under 45s	100,087	91,301	104,822	85,982	87,308	97,210	+ 9,902	- 2,877	+ 5,909
Over 45s	201,410	186,641	145,202	146,965	173,820	165,588	- 8,232	- 35,822	- 21,053

Source: ONS Quarterly Labour Force Surveys

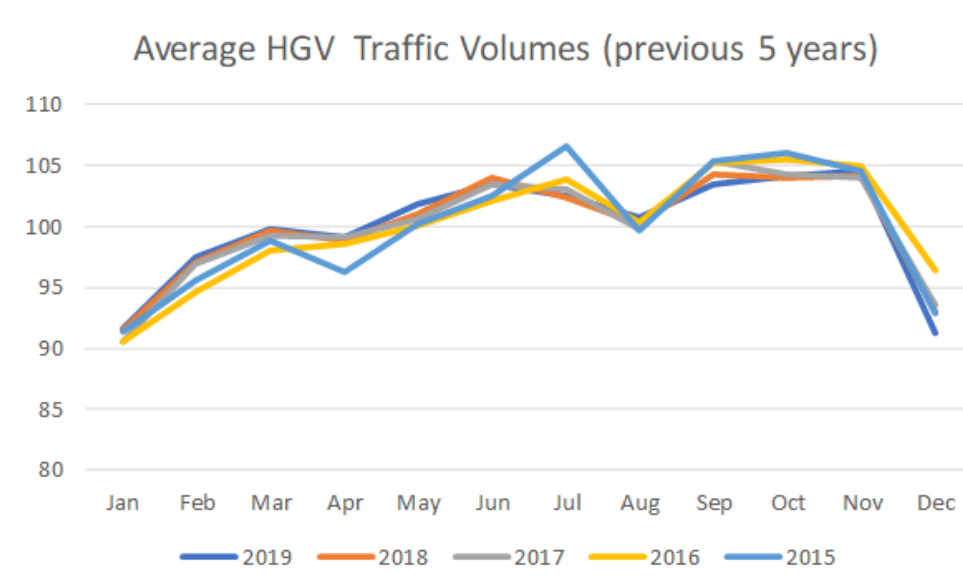
DEMAND FOR HGV DRIVERS

The severity of the HGV driver shortage is a function of supply and demand, i.e. the size of the available HGV driver pool relative to the amount of haulage activity, which generates the demand for drivers. It is fairly simple to determine the size of the HGV driver pool but, in contrast, very difficult to accurately measure or predict haulage activity and hence demand for drivers. Our best measure of haulage activity is the freight traffic level as measured by the traffic monitoring cameras across the UK and fortunately we have this data measured weekly by vehicle category since the start of the pandemic.



Source: Department for Transport Statistics "Use of Transport Modes"

Road traffic volumes, tracked by the ONS using road traffic cameras throughout the UK, averaged 108% of February 2020 levels in Q4 2021, much the same as in Q2 & Q3, then recently dropped to 103% in January and February (see the graph above). This is typical of this time of the year when freight volumes are at their lowest levels. Looking at the graph below, we can expect the freight traffic volumes to rise steadily until July from when they are expected to remain at peak level until the end of the year.



Source: Department for Transport Statistics - Table TRA0305



We know from analysis of HGV traffic levels by month over the 5 years prior to the pandemic that October and November HGV traffic levels are typically 110% of February levels. From this we can deduce that Q4 HGV traffic was running at slightly below typical pre-pandemic levels for that time of the year.



We can reiterate the observation made in our previous reports that we cannot explain how we managed to maintain pre-pandemic HGV traffic volumes with a significant driver shortage. We can conclude that it is likely we were “sweating” our HGV driver workforce, which is possible for a limited time frame but not sustainable in the long term.



This hypothesis is reinforced by the Think Tank's understanding that the LGV leased fleet has been running at 95% utilisation for the last 18 months, when normally it would average 85%, rising to 97% in the Q4 peak period. Additionally there is a lack of supply of new vehicles leading to a reduction of the UK Truck Parc by 60,000 vehicles. Anecdotally we understand that many operators, and especially supermarkets, are running longer routes or operating their vehicles on 2 shifts/day when previously most would be on one shift/day. This means that the operators are sweating their assets by running higher mileages and consequently their drivers are working more overtime.



Returning to the question of the HGV driver shortage, assuming road haulage levels are an approximation for demand, we can interpret that demand in the latter half of 2021 was for approximately 300,000 drivers, which was the number employed at peak pre-pandemic (Christmas 2019).

Given the current workforce now numbers 263,000, we can conclude that the HGV driver shortage is no greater than 40,000. In fact, as explained previously, the ONS Quarterly Labour Force survey collection mechanism and the fact that we are “sweating” our HGV driver workforce, means that the numbers provided by the QLFS are probably under-estimates of the actual number employed relative to the estimates gathered pre-COVID-19. We can therefore be reasonably confident that the actual shortage number remains less than 40,000.



Further to this, we can estimate from the Daily HGV Traffic graph that demand has dropped by 5% from Q4 into Q1 2022, which constitutes a drop in demand for around 15,000 drivers; a significant easing given our estimate that the shortage was around 40,000 in the latter part of 2021. We believe this will be only a short-term easing, because, in normal trading conditions, we would expect demand to rise by between 5% and 10% as we progress through 2022.

The Think Tank discussed the impact of the HGV driver shortage in Q4 and unanimously agreed that the shortage had had significantly less impact on their businesses in Q4 compared to Q3. The members observed that this was primarily due to other supply chain constraints becoming the supply bottle-neck, which diverted the pressure away from the HGV distribution operations. We examine this in more detail in the next page.

SUPPLY CHAIN CONSTRAINTS

As stated in the previous page, we experienced a severe shortage of HGV drivers in Q3 2021 but it seems that this abated in Q4. In the agency market the normal seasonal pre-Christmas peak in demand for HGV drivers did not happen, which we believe was due to several factors:



Product supply constraints due to:

- Product and component supply problems, such as shortages of semi-conductors and other key components
- Serious long-term disruption to international shipping, resulting in a shortage of shipping containers and congestion at container ports. The result has been a reduced and flattened supply rate, which is subject to more short-term variability caused by the arrival of container ships
- Seasonal stock was delayed beyond its sale window so had to be stored until next year rather than distributed to the stores.



Inability to process goods at optimal rates for HGV distribution:

- Warehouse labour shortages, meaning goods could not be picked and packed at optimal rates
- Van driver shortages, meaning that bulk shipped goods could not be distributed the last mile at optimal rates



Shortage of operational haulage fleet due to a combination of delayed deliveries of new vehicles and a shortage of spare parts to keep the existing fleet on the road.



Some distributors switched to rail freight as an alternative to road freight, but the rail freight capacity has been fully used up leading to a shortage of ISO container skeleton trailers.



Many grocery and high street retailers reduced the number of SKUs and consolidated loads to optimise haulage operations.



Exploitation of visiting EU fleet through increased cabotage.

DEMAND FORECAST

The Think Tank considered how demand is likely to develop over the coming year and into 2023:



Product supply constraints:

- Supply chains are gradually returning to "normal" operation
- The semiconductor chip shortage is predicted to ease in late 2022, but we may have to wait until 2024/5 for significantly increased capacity
- The Think Tank believes that international shipping will not return to normal operation until 2023
- Seasonal stocks will also remain out of synch until 2023, when this year's stock can finally be distributed to the stores.



Ability to process goods at optimal rates for HGV distribution:

- Warehouse labour and van driver shortages are now easing but may worsen again when other more attractive jobs open up later in the year, such as hospitality and travel



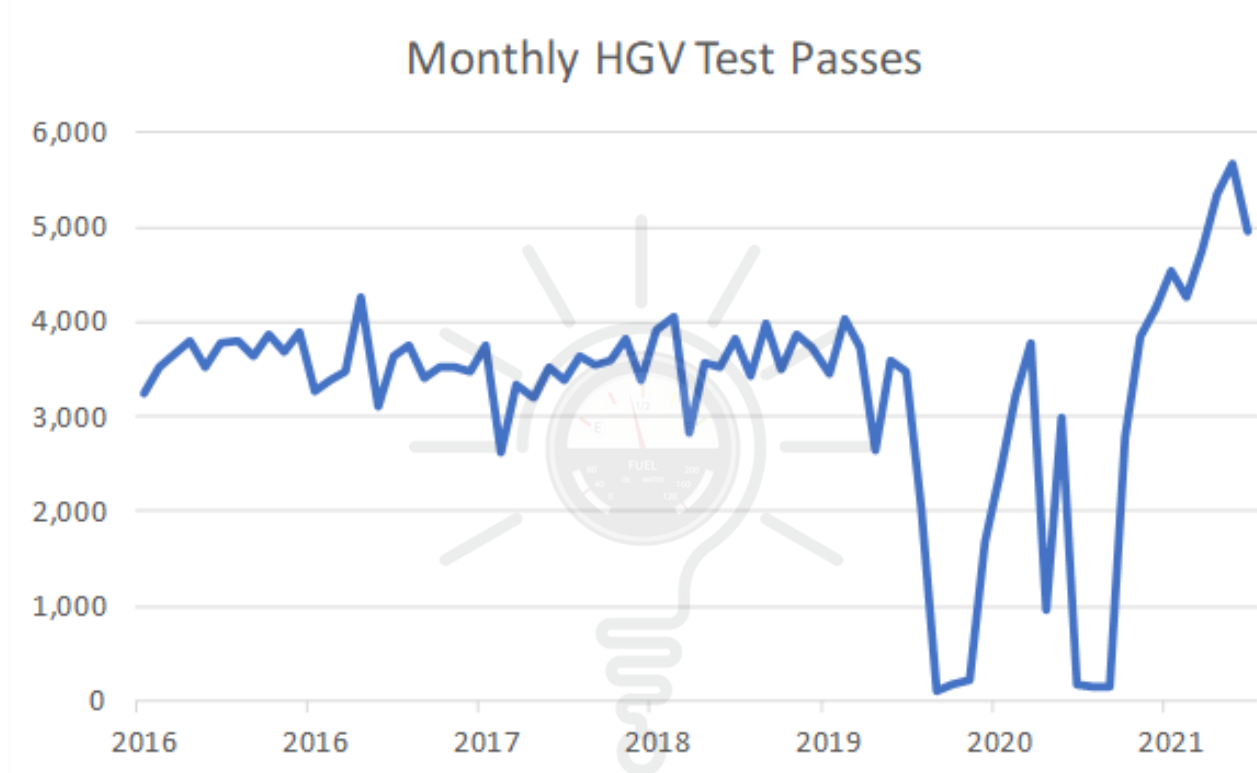
The Think Tank predicted that it could take 2 years for the UK Truck Parc to recover to normal levels.

In summary, the Think Tank concluded that supply chain and fleet inefficiencies are likely to continue to constrain the flow of goods into and throughout the UK and that it is unlikely that we will achieve maximum HGV delivery capacity until 2023. We can therefore expect the demand profile to remain largely flat for the second half of 2022.

The Think Tank also noted that, given this scenario, a significant factor would be HGV driver vacation levels, and consequently we could see the shortage peak in July and August.

SUPPLY - HGV TESTING

The Government initiatives seem to be having a positive effect on HGV test capacity and throughput. The number of passes has risen from a pre-pandemic average of 3,500 passes per month to an average of 5,300/month in Q4 2021, a 50% increase in throughput!



Source: Department for Transport Statistic Table DRT0501

The higher throughput will undoubtedly boost the size of the HGV driver pool, as long as the churn rate remains lower than pre-pandemic levels, which we hope it will, due to the better wages and the promise of improved working conditions.

In Q4 2021, 16,000 candidates passed their HGV test. If we assume that the ratio of new passes is the same as the pre-pandemic 60%, then we can deduce that there were approximately 10,000 new passes in Q4 2021. A number of these would have gone into professions other than HGV delivery driver (SOC8211), such as scaffolders, dustcarts, crane operators, etc. Prior to the pandemic the ratio was approximately 40% went into HGV delivery driving and 60% into other professions. Given the higher HGV delivery driver pay rates,

we could expect more to have gone into HGV delivery driving as a career. Let's therefore assume 70% went into delivery driving, which would result in approximately 7,000 new passes in Q4 2021.

In previous years the distribution of HGV passes by age was:



Interestingly the pass rate remains at 57% despite increase in test throughput. Saying that, it is notable that the pass rate for December 2021 increased to 63.5%, albeit on a reduced throughput and could have been due to the introduction of the Car to C+E test. This is contrary to expectations that the Car to C+E test would decrease the pass rate.

With the elevated testing rates, we could be looking at a net addition to the HGV delivery driving workforce of up to 4,000 new passes/quarter, which is unlikely to resolve the driver shortage in the near term, especially with the continuing issues with severe driver churn rates.

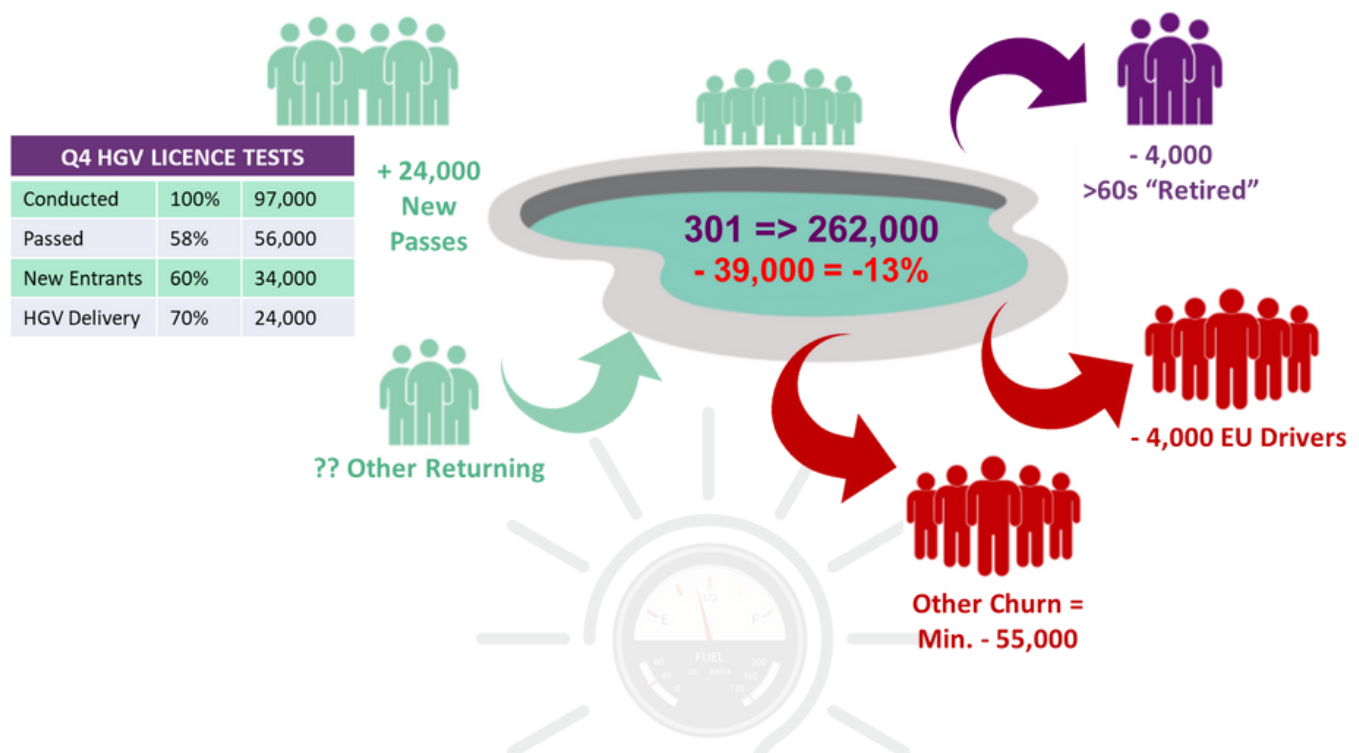
We await the DfT/DVSA HGV Test statistics for Q4 2021 to better understand the age distribution and the impact of the Car to C+E test.

The Think Tank considered how the HGV testing capacity might evolve in 2022. It noted that, given the many government initiatives in this area, it would be very difficult to predict HGV testing throughput and pass rates. Saying that, it noted that a significant constraint is the supply of DVSA testers, and that anecdotal evidence indicates that many DVSA testers are leaving for better paid jobs. This could seriously constrain capacity growth.

The Think Tank calls on the DfT and DVSA for greater clarity on Q4 2021 HGV Testing numbers and for a forecast of HGV Test capacity for 2022.

HGV DRIVER DYNAMICS SINCE START OF PANDEMIC

We estimate that since the start of the pandemic more than 55,000 HGV drivers have left the sector, this being about 18% of the original 300,000-strong workforce.

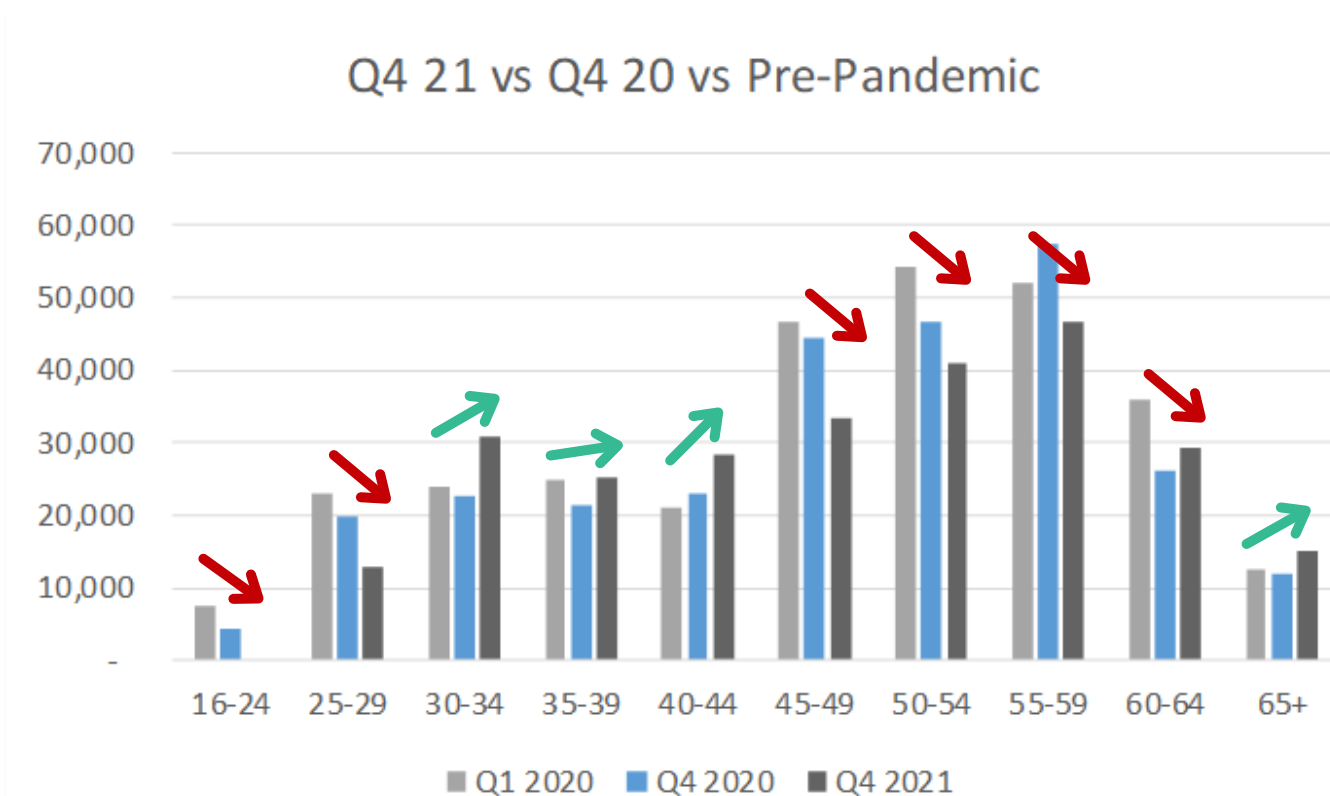


- ↓ **Below 45:** Down - 3,000 from 100,000 to 97,000 (-3%)
- ↓ • Below 30: Down - 18,000 from 31,000 to 13,000 (-58%)
- ↑ • 30 - 45: Up + 15,000 from 69,000 to 84,000 (+21%)
- ↓ **Age 45 - 60:** Down - 32,000 from 153,000 to 121,000 (-21%)
- ↓ **60+ "retirement":** Down - 4,000 from 48,000 to 44,000 (-8%)
- ↓ **EU drivers:** Down - 4,000 from 37,000 to 33,000 (-11%)
- New passes:** Estimated +24,000 new passes who became HGV delivery drivers
- Net churn:** = + 24,000 - 4,000 (retired) - 4,000 (EU drivers) - Other Churn + Other Returning = - 39,000
- i.e. Net Churn = at least - 55,000**

As at the end of Q4 2021 we can confirm a few key observations about overall pandemic trends, which have already been stated in our previous reports:

- Overall, around 63,000 HGV drivers have left the workforce since the start of the pandemic, this being around 20% of the workforce
- The key concern is in the under-30 age group which "lost" 20,500 from the original pool of 30,500, offset by a net addition of 2,500 new entrants
- Another worry is the "loss" of 40,000 drivers from the over-45 age group, offset by the addition of 4,000 new passes
- EU drivers very largely remained active, with only a drop of 4,000, this being just over 1% of the overall workforce and 11% of the EU contingent
- The only positive is an increase in the 30-45 age group of 15,000 drivers, consisting of 10,000 new passes and 5,000 returning lapsed drivers

The main issue has been driver churn, which significantly outnumbered the new entrants from new test passes and returning lapsed drivers.



Source: ONS Quarterly Labour Force Survey

OVER



If we compare Q4 2021 against Q4 2020 and the pre-pandemic numbers (Q1 2020), it is clear that the largest drop in driver numbers occurred in the over 45 age group. We believe this was mainly due to the older drivers leaving the sector in Q1 due to disillusionment with the working conditions and poor pay, triggered by the impact of COVID and the lack of a vaccine at the time. Even though many returned in Q3 for the better pay and conditions this has not attracted back all of those who left, resulting in a net drop in this this age group. We believe this has also been exacerbated by the DVSA delays in processing HGV medical licence renewals.

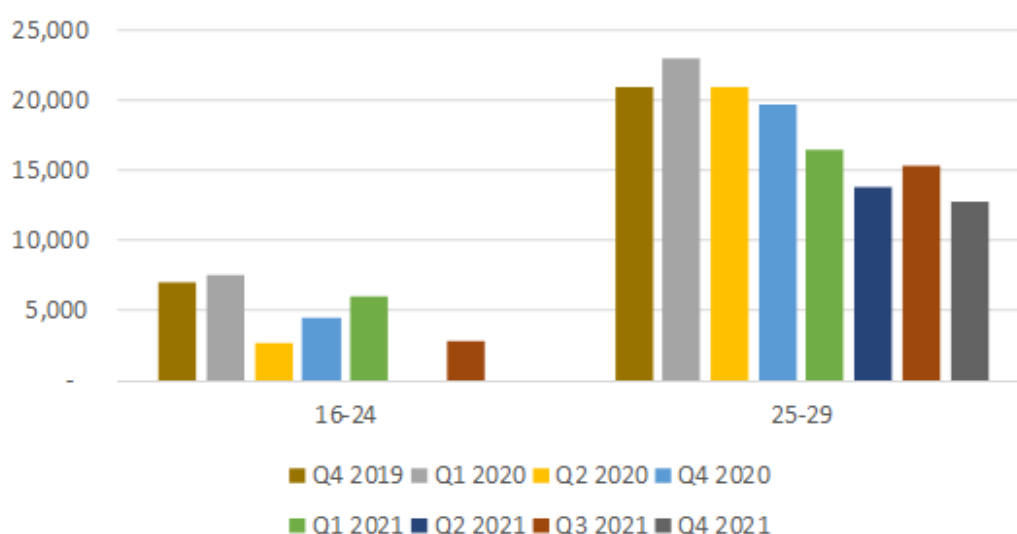
UNDER



We examine the decline in the under-30-year-old group in the graph below, where we have mapped all the ONS QLFS data we have on this group. We can see that the decline is consistent over the period, with the under-24 group declining from 7,500 to zero, and the 25-29 age group declining by 10,000 from 23,000 to 13,000. For the entire under-30 age group, it is shocking to conclude that it dropped by 17,500 from 30,500 in Q1 2020 to 13,000 in Q4 2021. When we allow for 7,500 "aging" into the over-30 age bracket and 10,500 new passes entering over the past 2 years, we get net churn of 20,500 during the pandemic.

The next section further analyses this age group.

Under-30 Age Group Pandemic Trends



Source: ONS Quarterly Labour Force Survey

HGV DRIVER DYNAMICS UNDER 30 AGE GROUP

The Under 30 Age Group dynamics are as follows:

- Approximately 10,000 "New Passes" entered the Under 30 Age Group during the pandemic:

New Passes Entering the Age Group					
Year	Tests	Passed	Cat C	HGV Del	Under 30
2020	27,000	15,500	9,610	6,727	2,825
2021	70,000	41,000	25,420	17,794	7,473
Total	97,000	56,500	35,030	24,521	10,299

Source: DVSA FOI Request July 2021 & Other DVSA data

- Meanwhile about 7,000 moved into the Over 30 Age Group:

Aging			
Age Group	2020	2021	Total
16-24	888	-	888
25-29	3,948	2,560	6,508
Total	4,836	2,560	7,396

Source: ONS Quarterly Labour Force Survey

- And the net change in the number of HGV drivers Under 30 was a drop of approximately 18,000:

Net Change in Number of Drivers						
Age Group	Q1 2020	Q4 2020	Q4 2021	2020	2021	Total
16-24	7,504	4,439	-	- 3,065	- 4,439	- 7,504
25-29	23,021	19,739	12,801	- 3,282	- 6,938	- 10,220
Total	30,525	24,178	12,801	- 6,347	- 11,377	- 17,724

Source: ONS Quarterly Labour Force Survey

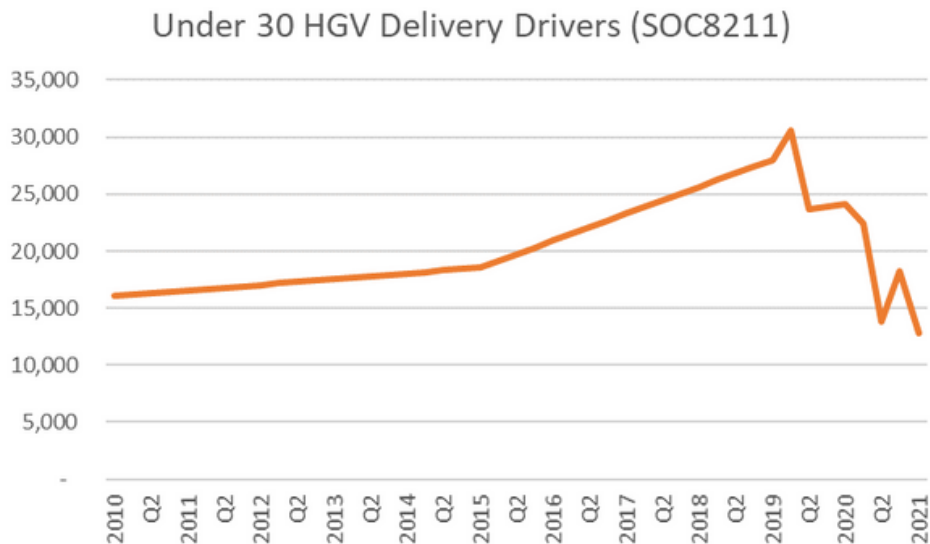
- Which resulted in a net churn of:
 - 2020 (Q2-Q4): $- 6,500 + 5,000 - 3,000 = - 4,500$
 - 2021: $- 11,000 + 2,500 - 7,500 = -16,000$
 - Total: $- 17,500 + 7,500 - 10,500 = -20,500$

This equated to a 14% churn in 2020, which then increased to an eye-watering 67% churn in 2021.

Over the entire pandemic period 20,500 left from an original pool of 30,500, a very worrying 67% churn rate.

HGV DRIVER DYNAMICS UNDER 30 AGE GROUP

We then checked the pre-Pandemic Under 30 Age Group dynamics:



Source: DVSA FOI Request July 2021

The Under 30 Age Group had gradually increased from 15,000 to 30,000 just before the pandemic hit, then it plummeted through 2020 and 2021.

		2012	2013	2014	2015	2016	2017	2018	2019	2020
Taken		23195	30710	31174	35303	45513	50029	44502	45822	43240
Passed		11712	15740	16274	18867	24502	27480	25036	25847	25027
% Passed	55%	50%	51%	52%	53%	54%	55%	56%	56%	58%
Under 30	45%	5270	7083	7323	8490	11026	12366	11266	11631	11262
Into SOC8211	50%	2635	3542	3662	4245	5513	6183	5633	5816	5631
Number empl.		17000	17500	18000	18500	20900	23300	25600	28000	
Move into >30	10%	1700	1750	1800	1850	2090	2330	2560	2800	
Net Churn			-1292	-1362	-1895	-1023	-1453	-773	-616	
% Churn			-7%	-8%	-10%	-5%	-6%	-3%	-2%	

Source: DVSA FOI Request July 2021

During the pre-pandemic period (2012 - 2019) we estimate that 35,000 new passes entered the Under 30 Age Group while 15,000 moved into the Over 30 Age Group, while the total number in the Under 30 Age Group increased by 11,000 from 17,000 to 28,000. This means that 10,000 left in the 7-year period, which equates to an average churn of 1,200/year, i.e. an average of 6%/year.

This indicates that the pandemic churn rate is exceptional.

HGV DRIVER DYNAMICS UNDER 30 AGE GROUP

The Think Tank considered the reasons why the Under 30 Age Group would have experienced such a high churn rate as the pandemic progressed. Key points noted were:

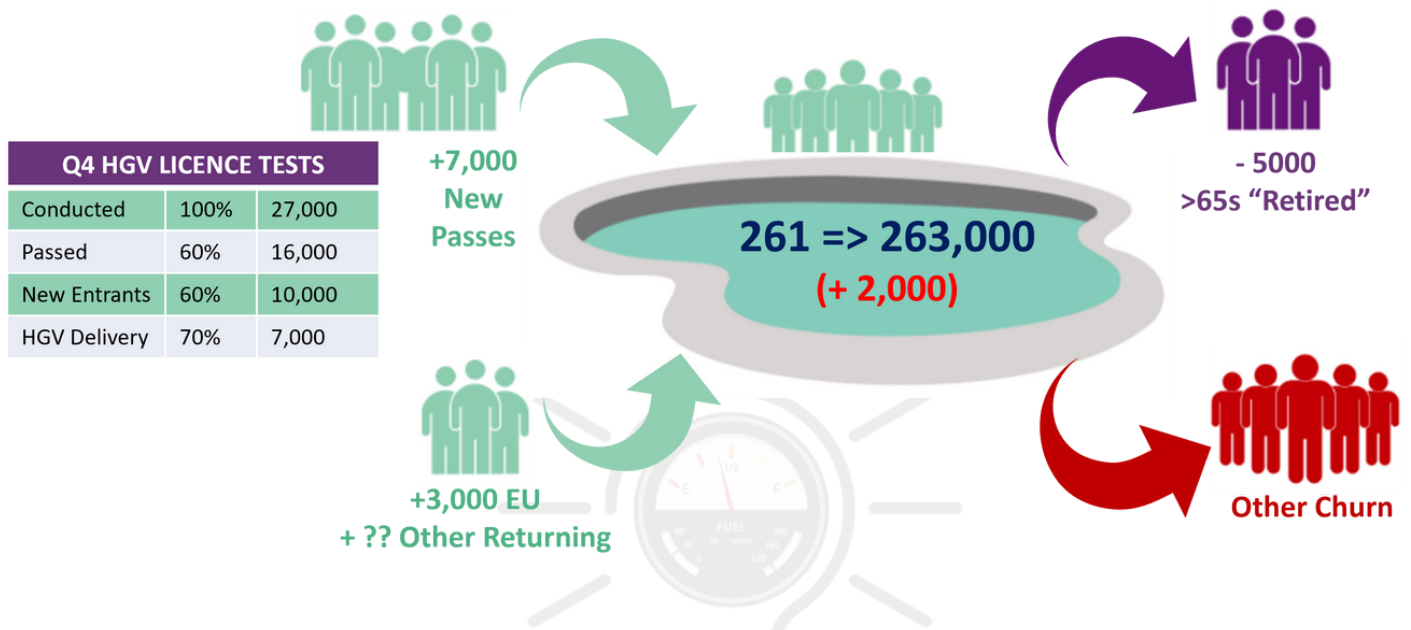
- Money is not the primary motivator for this age group. Anti-social hours and weekend working are not attractive and they can earn a similar wage doing easier work
- "Lack of access to work" was a major factor, i.e. obstacles to New Passes finding work as an HGV driver because of:
 - Lack of insurance cover
 - Many operators are unwilling to invest in training, coaching and developing New Passes
- It is important to provide work experience as an HGV delivery driver to candidates before they commit to taking their test. Several days accompanying an HGV driver on their deliveries should allow candidates to get a real appreciation of the job
- It was felt that "nurturing" and support after commencing work as an HGV delivery driver was important to help new entrants cope with the stresses and strains of the job, as well as to encourage them to seek alternative driving roles within the sector rather than seek an alternative career.

The consensus was that it could take some time to find a solution to reduce the churn rate and, in the meantime, it is very important to maintain the increased HGV driving test capacity and throughput.

The sector must face the fact that a career as an HGV driver is not a "natural fit" for many under 30-year-olds. As an industry we must explore what we can do to make the role more attractive to this age group and how to improve retention.

HGV DRIVER DYNAMICS IN Q4 2021

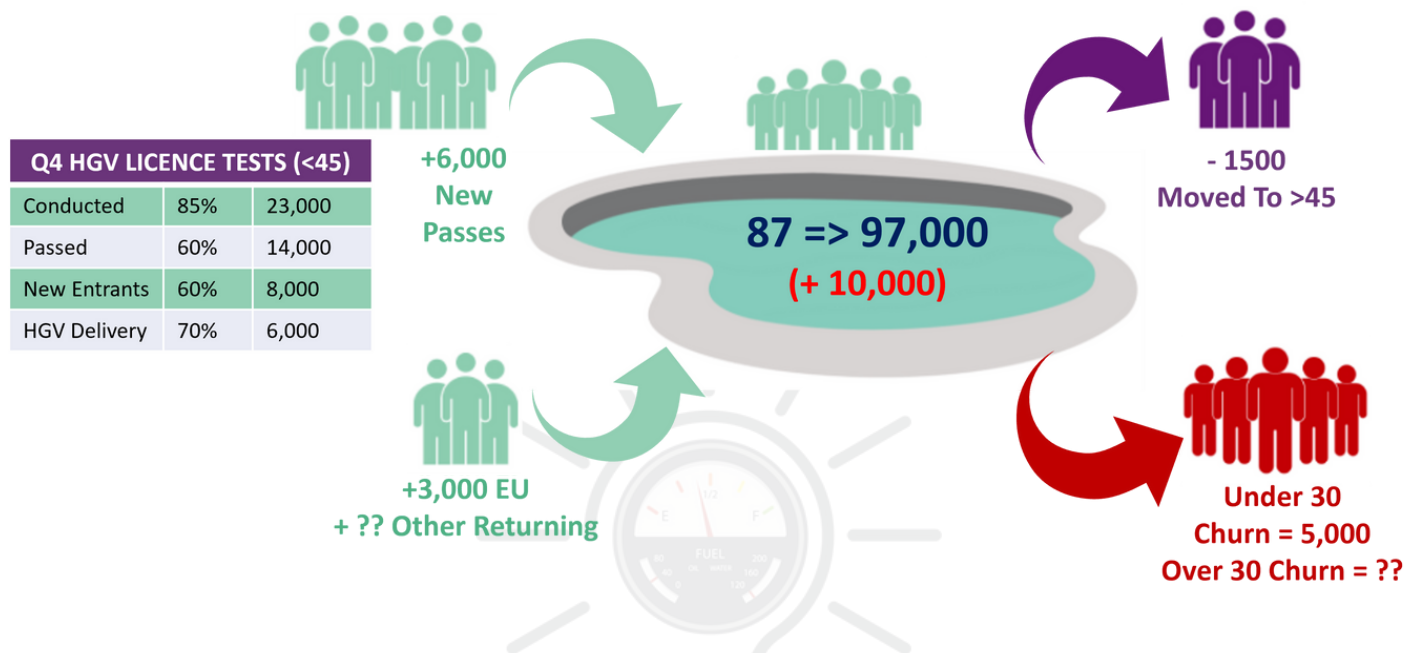
In Q4 2021 there was an increase of just 2,000 drivers compared to Q3 2021. At first sight this appears to be insignificant, but when we look at the dynamics in the age groups a more complex story emerges.



- ⬆ **Below 45:** Up + 10,000 from 87,000 to 97,000
- ⬇ **Over 45:** Down - 8,000 from 174,000 to 166,000, of whom approximately 5,000 over 65s retired
- ⬆ **EU drivers:** Up + 3,000 from 30,000 to 33,000
- New passes:** Estimated + 7,000 new passes who became delivery drivers
- UK Driver Churn:** +7,000 New Passes + 3,000 EU drivers - 5,000 Retired - Churn = +2,000
- So Net UK Driver Churn = 3,000**

HGV DRIVER DYNAMICS IN Q4 2021 – UNDER 45

In Q4 2021 there was an increase of just 2,000 drivers compared to Q3 2021. At first sight this appears to be insignificant, but when we look at the dynamics in the age groups a more complex story emerges.



Under 45 Group:

- ➔ Initially we thought that the increase of 10,000 below the age of 45 was largely due to new HGV test passes entering the profession and returning EU drivers who are predominantly in the younger age range. This made sense when we consider that the number of EU drivers increased by 3,000 in Q4 and we estimated there were 6,000 new HGV test passes who went into HGV delivery driving
- ➔ We also expect that there would have been a number of lapsed HGV licence holders who returned to driving because of the more attractive pay rates, but it is difficult to estimate this number.

- ➔ However, when we looked below the surface, we discovered that there is a discrepancy between the under 30s and the 30-45 age bracket:
 - Below 30: Down - 5,000 from 18,000 to 13,000
 - 30 – 45: Up + 15,000 from 69,000 to 84,000
- ➔ We also know that historically approximately half of the new passes in this age range would be under the age of 30. This means that at least 8,000 drivers left the under-30 age group to result in a net 5,000 decrease
- ➔ Similarly, the 30-45 age group, would have had around 3000 new passes joining, which implies that at least 12,000 other HGV drivers returned to this group, probably including most of the 3,000 EU driver increase.



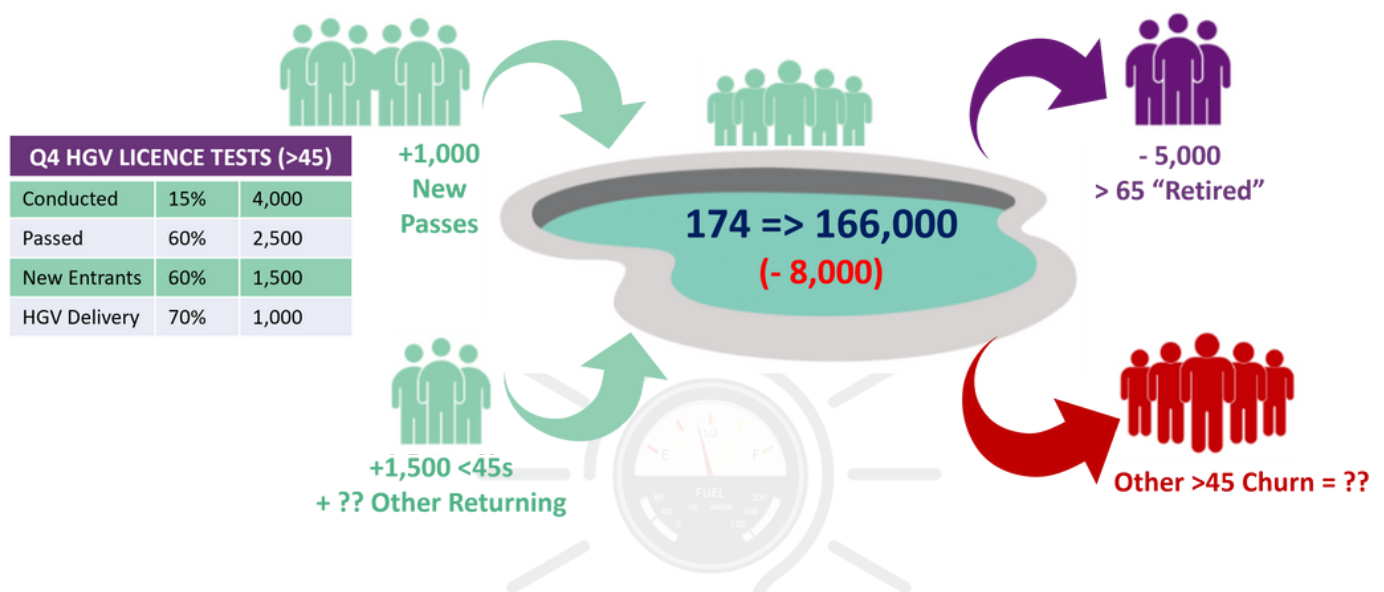
We clearly have a problem retaining the under 30 age group, while the 30-45 age group has grown by 20%. It is reasonable to assume that licence holders returning to work for the higher rates were probably in the 30-45 age group.



We have issued an FOI to the DVSA for an age breakdown of the HGV tests conducted and passed in Q4 2021, but they have not responded because the data was not yet available to report. We keenly await this data so we can improve our understanding of this critical aspect.

HGV DRIVER DYNAMICS IN Q4 2021 – OVER 45

It seems that the over 45 age group is stabilising after the rollercoaster ride in 2021, which started with around 42,000 leaving the sector in Q1, followed by about 29,000 returning in Q2 & Q3, and now around 8,000 leaving again in Q4, to produce a net decrease in this age group of 21,000 over the full year.



Our key observations for Q4 2021 are:

- ➔ Just over 8,000 left the workforce over the age of 45, of whom 5,000 were over the age of 65, which could be considered to be "retirement". The remaining 3,000 would probably have been churn from the group of 29,000 HGV drivers who returned to work in Q2 & Q3, but then may not have been able to get the type or consistency of work they desired.
- ➔ Allowing for 1,000 new passes and 1,500 entering the age group from the under-45s, and then the 5,000 over 65s retiring, we can deduce that approximately 5,500 left this age group for reasons other than retirement. This would probably have been greater if we allow for lapsed HGV licence holders returning to the sector.



CONCLUSION

We are encouraged that the driver shortage crisis appears to have abated momentarily, however, as we have demonstrated earlier in this Bulletin, the loss of drivers in the under-30s group is the most worrying trend as it is this group that we need to attract, retain and develop for the future success of the haulage sector. We need to reverse this trend that otherwise will continue to deplete the UK HGV driver workforce and lead to further critical shortages in the future.

While much has already been done to address the issues, the time has now come for the industry, representative bodies and government to unite and act decisively to address the specific reasons for poor retention, assign responsibility for specific measures and above all take action to improve the conditions and facilities for drivers.

The Government have a role to play, but this is a private sector. It involves owners and operators from the private sector and the customers are predominantly in the private sector, so the long-term solution lies with the industry and its customers, to ensure that the system is working as a whole. Of course, the Government supply certain things, such as driving licences and driving tests. The Government can do certain things on planning reform. We see it as a partnership, with us working together with the industry to take it forward. Baroness Vere (Dept. for Transport)

Transport Committee evidence: Road freight supply chain, Wednesday 26 January 2022 Ordered by the House of Commons. Witness: Baroness Vere of Norbiton, Parliamentary Under-Secretary of State, Department for Transport.
<https://committees.parliament.uk/work/1587/road-freight-supply-chain/publications/oral-evidence/>

Driver Require continues to actively work with industry experts, haulage sector bodies, government and directly with hauliers to find ways to diminish the driver shortage, and to ensure substantial improvements to the perception of commercial driving, the industry as a whole, but above all, critical improvements to the working conditions and facilities for our HGV drivers.

THE UK'S HGV DRIVER SHORTAGE CRISIS

Driver Require has been tracking the UK's HGV driver shortage issue for a number of years prior to the Coronavirus outbreak and then more closely as we progressed through the pandemic. We have refined our thinking and conclusions through a series of reports on this subject and on the impact of COVID-19 on the UK haulage sector.

We will continue to evolve our thinking as we obtain more data and clarity on the statistics. We also hope that you and others will help us tune our interpretation of the data and firm up our conclusions.

We hope that by producing this Bulletin we have provided a further reference point that will bolster arguments to act to address the UK's HGV driver shortage.

For further information visit:

driverrequire.co.uk/insights

Should you wish to contribute to the evolution of this document please contact Kieran Smith:



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